

**MINUTES OF THE BOARD MEETING
OF THE BRISTOL COUNTY WATER AUTHORITY**

**Wednesday, January 22, 2014
450 Child Street, Boardroom, Warren, RI**

Pursuant to proper notice, the Board Meeting of the Bristol County Water Authority was called to order by Chairman Klepper at 6:20 pm, 450 Child Street, Boardroom, Warren, Rhode Island.

Executive Director Pamela Marchand, Legal Counsel Joseph Keough and the following Directors were in attendance at the commencement of the meeting:

Robert Allio, Paul Bishop, William Gosselin, Allan Klepper, Bradford Louison, Raymond Palmieri, Sr., Frank Sylvia

Directors Absent: John Jannitto, Georgina Macdonald

1. Final Consideration and Approval of FY2015 Budget

Chairman Klepper stated that the Board has reviewed the budgets and financial plan over several meetings, and that approval was recommended by the Finance Committee following their review. No one appeared at the Public Hearing to speak against approval.

Director Allio made the following motion seconded by Director Gosselin:

MOTION: Approve the FY2015 Budget.

Motion passed unanimously.

2. Final Consideration and Approval of FY2015 Capital Plan.

Director Allio made the following motion seconded by Director Gosselin:

MOTION: Approve the Capital Plan in the amount of \$4,920,480, as presented.

Motion passed unanimously.

3. Final Consideration and Approval of Finance Plan, and Supporting Water Rate Increase

Director Allio made the following motion seconded by Director Gosselin:

MOTION: Approve the Finance Plan with a 4% increase, for a total amount of \$12,136,934, as presented.

Motion passed 6 – 1, Director Sylvia voted Nay.

4. Executive Session – RIGL 42.46-5 (2) Litigation

This item moved to the February meeting.

5. Approval of Minutes

Director Allio made the following motion seconded by Director Palmieri:

MOTION: To approve the minutes of 12/12/13.

Motion passed unanimously.

Director Gosselin made the following motion seconded by Director Allio:

MOTION: To approve the minutes of 12/18/13.

Motion passed unanimously.

Director Palmieri made the following motion seconded by Director Gosselin:

MOTION: To approve the minutes of 1/8/14.

Motion passed unanimously.

6. Executive Directors Report

Executive Director P. Marchand stated that \$500,000 (plus contingency and finance costs) is in the FY 2015 Capital Budget (just approved) for BCWA's portion of the funding for Poppasquash Road - should the Bristol Town Council decide to go forward with the replacement of the water main.

Pawtucket Pipeline Project: the Governor's Budget submittal includes bond funds for the project. The Executive Director stated that Article 8 of the Governor's budget proposal for a change in the language of the Bristol County Water Supply Act will require BCWA to continue to maintain their supplies in Mass. transferring all of the costs to BCWA customers. This amount would be significant.

RI Clean Water Finance Agency has approved BCWA's \$8 million bond for projects over the next two years.

Chairman Klepper questioned if the Board would go to a paperless agenda.
Director Allio requested an update of target dates for new computer system.

7. RI Clean Water Financing – Resolution – Bond Financing – S. Mack

Executive Director P. Marchand stated that staff recommends approving this resolution.

Director Sylvia made the following motion seconded by Director Gosselin:

MOTION: To approve resolution that supports the approval of purchase of \$8 million bonds.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BRISTOL COUNTY WATER AUTHORITY APPROVING THE FINANCING OF IMPROVEMENTS TO THE BRISTOL COUNTY WATER AUTHORITY SYSTEM AND APPROVING THE ISSUANCE OF GENERAL REVENUE BONDS, 2014 SERIES THEREFORE IN AN AMOUNT NOT TO EXCEED \$8,000,0000.

Dated: January 22, 2014

WHEREAS: The Bristol County Water Authority (the "Authority") desires and intends to borrow up to Eight Million Dollars (\$8,000,000) and to issue General Revenue Bonds, and notes in anticipation thereof, in an amount not to exceed Eight Million Dollars (\$8,000,000) (the bonds, and the notes in anticipation thereof shall be collectively referred to as the "Bonds") to finance the design, engineering and construction of the following: (i) cleaning and lining, or replacement of, water mains in Barrington, Bristol and Warren, Rhode Island, (ii) new pump station design for a high pressure system in Bristol, Rhode Island, rehabilitation of existing pump station and equipment replacement (including pressure reducing valve) on Nayatt Road, Barrington and Metacom Avenue, Bristol; (iii) pipeline design (Pawtucket Connection); (iv) treatment and mixing system for water tanks in Barrington and Bristol; (v) purchase and installation of water meter equipment throughout the water distribution system; (vi) purchase and installation of a SCADA system; (vii) the funding of a debt service reserve; and (viii) costs of issuance (the "Project").

WHEREAS: The Bonds will be issued pursuant to a 2014 Series Resolution of the Authority amending and supplementing that certain General Bond Resolution of the Authority adopted on November 13, 1986, as supplemented by that certain First Supplemental Resolution dated November 21, 1995, as further supplemented by that certain Second Supplemental Resolution dated July 23, 1997 and as further supplemented by that certain Third Supplemental Resolution dated September 27, 2001 (collectively, the "Resolution").

WHEREAS: The Authority previously adopted a reimbursement resolution which it authorized spending funds on the Project from its general fund in anticipation of the issuance of the Bonds.

WHEREAS: If required, the Authority will agree to provide continuing disclosure as to certain matters as set forth in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement").

NOW, THEREFORE, be it resolved that:

SECTION 1. In order to finance the Project, the Authority is hereby authorized to borrow an amount not exceeding Eight Million Dollars (\$8,000,000) and to issue Bonds in connection therewith, and the manner of sale, date and place of sale, denominations, maturities, interest rates, redemption provisions, and other terms, conditions and details of the Bonds shall be fixed by the Chairman or by any other Authorized Officer of the Authority, acting singly, and in his or her sole discretion, shall approve.

SECTION 2. For purposes of this Resolution, the signatures or other acts of an "Authorized Officer" of the Authority shall be those of the Executive Director, Chair, or Vice Chair of the Authority, signing singly.

SECTION 3. Any Authorized Officer is hereby authorized and instructed to (i) take all actions, on behalf of the Authority, necessary to ensure that interest on the Bonds will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds to become subject to federal income taxes, and (ii) execute, acknowledge and deliver the Bonds and any and all other documents, certificates or instruments necessary to effectuate the purposes of this Resolution and the

issuance of the Bonds at any time and from time to time, in such manner and for such purposes as the Authorized Officer, acting singly and in his or her sole discretion, shall deem necessary, desirable or advisable; and do and perform all such other acts and things deemed by the Authorized Officer to be necessary, desirable or advisable with respect to any matters contemplated by this Resolution in order to effectuate the intent hereof.

SECTION 4. Any Authorized Officer is authorized to take all actions necessary to comply with federal tax and securities laws including Rule 15c2-12 of the Securities and Exchange Commission (the "SEC Rule") and to execute and deliver a Continuing Disclosure Certificate in connection with the Bonds in the form as shall be deemed advisable by the Authorized Officer in order to comply with the SEC Rule. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, as it may be amended from time to time. Notwithstanding any other provision of this Resolution or the Bonds, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section and under the Continuing Disclosure Agreement.

Motion passed unanimously.

8. OPEB (Other Post-Employment Benefits) Non-Revocable Trust

Executive Director P. Marchand stated that this is a legal document setting up the trust, written by S. Mack and reviewed by legal counsel J. Keough and Staff. BCWA will receive credit from the federal government for having this trust on a tax free basis which will go towards the payments of medical, dental and life insurance for OPEB.

Chairman Klepper stated this agreement must be adopted tonight and given to Washington Trust Investors.

Director Louison made the following motion seconded by Director Bishop:

MOTION: To accept the following Resolution, as presented.

**Bristol County Water Authority
Certification of Resolution**

I hereby certify that at the Meeting of the Board of Directors of the Bristol County Water Authority (the "Authority") held on January 22, 2014 the following actions were duly adopted, are in conformity with the Enabling Legislation and bylaws of the Authority, and have full force and effect as of the date hereof:

That the Authority established a so-called "OPEB Trust" to provide certain funds for "other post-employment benefits", i.e., certain benefits other than pension benefits;

That the Authority has authorized the execution and delivery of the OPEB Trust Agreement effective March 1, 2013 (the "Trust Agreement");

That the Authority has selected The Washington Trust Company to serve as Trustee of such Trust pursuant to the Trust Agreement;

That the Chairman of the Board, signing singly, is authorized to execute and deliver the OPEB Trust, and either the Chairman or the Executive Director, signing singly, are authorized to transact business including signing documents required to open an account

with Washington Trust and to effect a transfer of funds as identified in the Trust Agreement and such others as authorized from time to time into such account;
That the Executive Director is authorized to certify that this action has been duly adopted and is in conformity Authority procedures and governance practices;
That such authority shall continue in full force and effect until rescinded by the Board of Directors, and that any party may rely upon the authority granted therein until said party has received notice in writing of the amendment or revocation thereof.

Chairman of Board of Directors – Alan Klepper

Executive Director – Pamela Marchand

In Witness Whereof, I have hereunto set my hand as the duly appointed and acting
Executive Director of the Bristol County Water Authority this 31st day of January, 2014.

Legal Counsel J. Keough stated that this motion will allow the trust to be set up and monies can be deposited into it with Washington Trust Investors. Modifications to the investor can be made later.

Director Allio stated that it is irresponsible of the Board to vote on a document that was presented to them tonight.

Motion passed 5 – 2, Directors Allio and Palmieri voting Nay.

9. Pension Trust Investment Policy Review and Approval

Chairman Klepper stated Washington Trust has reviewed the policy with minor changes. If this policy is adopted, in the future we can add the OPEB Trust to this policy and have a separate section for the OPEB funds.

Director Sylvia made the following motion seconded by Director Gosselin:

MOTION: To approve Pension Trust Investment Policy, as submitted.

Motion passed unanimously.

10. Directors Payment Classification – per Director Palmieri

Director Palmieri stated the Directors should have been informed of IRS Form SS-8 and filled out the form before becoming BCWA employees.

Director Palmieri will be sending in a completed SS-8 form to the IRS.

Manager of Finance M. Champagne stated that the IRS has made the determination that BCWA Directors should become BCWA employees.

11. Claim: Robert Estrella – for Compensation

Executive Director P. Marchand stated \$450, half of the clean-up cost at the Gob Shop has already been paid. The recommendation is to pay \$288, half of the cost of the damaged goods.

Director Gosselin made the following motion, seconded by Director Sylvia

MOTION: To approve payment of \$288, with a disclaimer that BCWA is not responsible for the water damage.

Motion passed unanimously.

12. Executive Director Performance Evaluation and Goal Setting for FY2015 Process

Chairman Klepper stated there were 16 goals previously approved by the Board and he asked the Board to rate the Executive Director's performance. Forms to be returned to Director Gosselin with the Executive Director's evaluation to be done in March. Also employees who report directly to the Executive Director were asked to rate the Executive Director.

13. Board Self-Evaluation Discussion

Director Allio stated that all Directors and the Executive Director responded to the evaluation. The 20 evaluation questions were discussed, including - quarterly standard business reports should continue, professional development programs for staff are not monitored, policy handbook should be updated, improvement of public image, communication among Board members is improving with members working well together, currently there are two committees and their charters should be reviewed and updated.

Chairman Klepper stated a Tri-Town meeting will be held in February in Bristol to discuss the changes in the Enabling Legislation.

Director Gosselin stated that 99% of our customers are satisfied, BCWA is doing all that can be done.

14. Poster and Essay contest

Chairman Klepper stated that the poster and essay contest will be put off for the coming year due to low student participation.

15. Director Robert Allio Departure

Director Allio stated he will be resigning from the Board at the end of February. The Board must continue to monitor the implementation of the Strategic Plan. The pension fund's allocation should increase to 75% equity. Bonding fees should be carefully monitored. Director Allio stated he has had 2 rewarding, challenging years. He thanked Executive Director P. Marchand and Executive Administrative Assistant C. Harper and he also thanked Director Palmieri and Chairman Klepper for running efficient meetings and moving the organization in the right direction.

Chairman Klepper thanked Director Allio for his contributions to BCWA.

Director Gosselin made the following motion seconded by Director Sylvia:

MOTION: To adjourn the meeting.

Motion passed unanimously.

There being no further business the meeting was adjourned at 7:50 pm.

Allan C. Klepper
Chairman